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3/27/06
[Signature]FORM MR-AR
(Revised 1/2006)STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple - Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

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ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) April / 2005 To (mo./yr.) Dec. / 2005
2. DOGM File Number (Mine No): 1210008
3. Mine Name: Iron Mountain
4. Mineral(s) Mined (or permitted to mine): Iron Ore
5. Type of mine: ☒ Surface Mine or ☐ Underground Mine
6. Legal Description (Location of Lands Affected):
NE 1/4, SE 1/4, — 1/4, Section 29/30, Township 36S, Range 13W
SE 1/4, — 1/4, — 1/4, Section 30, Township 36S, Range 13W
NE 1/4, NE 1/4, — 1/4, Section 30, Township 36S, Range 13W
7. Name of Operator or Company: Palladin Iron Corporation
8. Permanent Street Address: 554 South 300 East Suite 250
 City, State, Zip: Salt Lake City, UT 84111
 Phone: 801.521.5252 Fax: 801.521.5454 E-mail: iron@palladinventures.com
9. Company Representative (or designated operator):
 Name: Lindsay Foot
 Title: Project Manager
 Business Address: 554 South 300 East Suite 250
 City, State, Zip: Salt Lake City, UT 84111
 Phone: 801.521.5252 Fax: 801.521.5454 E-mail: lindsay.foot@palladiniron.com
☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was there any mine related activity during the past year? Yes ☒ No ☐
2. If no - what was the last year of activity? _____

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3. Report the gross amount of ore mined and waste moved, as well as the arrangement, positioning, or distribution of the material. No iron ore was mined during the past year. No waste material as a result of mining was created.
4. Briefly describe the type of work performed, during the past year. Within the past year demolition of the pre-existing equipment was removed as a safety requirement. The construction of a power substation was started.
5. How much **new or additional acreage** was disturbed during the past year? none
6. How much acreage was **reclaimed** during the past year? none
7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results. (Submit form MR-SITE for an application for full or partial bond/site release).
none
8. What is the **total disturbed acreage of entire project** at years end? 0.25 acres
9. Briefly summarize any mining and/or reclamation plans for the upcoming year.
Mining of 1-2 million tons of iron ore will commence during 2006. This will include the construction of the mill and office infrastructure.
10. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

NOTE: Section III., "Additional Information" applies only to **large mining operations**.

III. Additional Information - R647-4-121.2

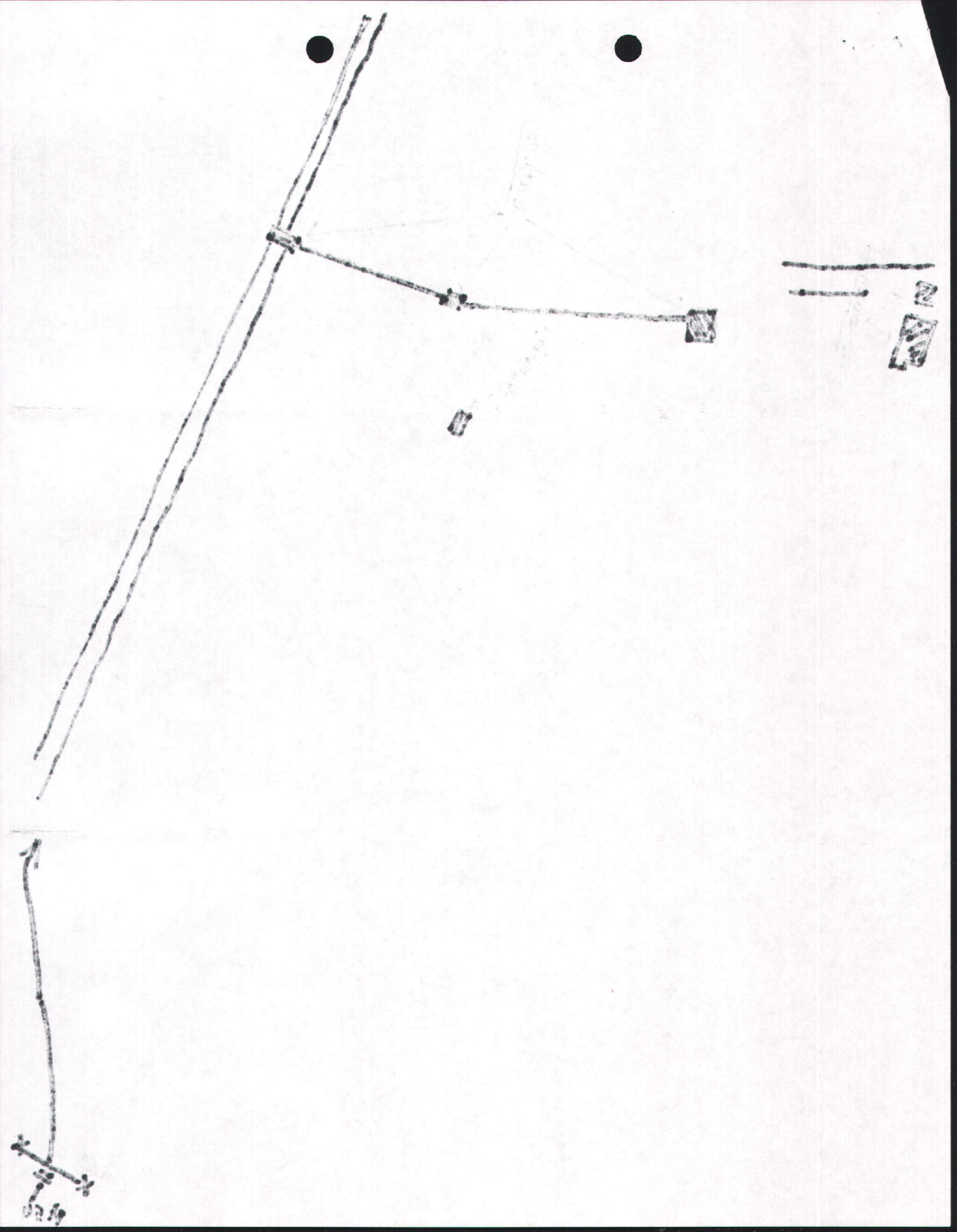
1. **Include an updated map depicting surface disturbance and reclamation performed during the year**, prepared in accordance with Rule R647-4-105.

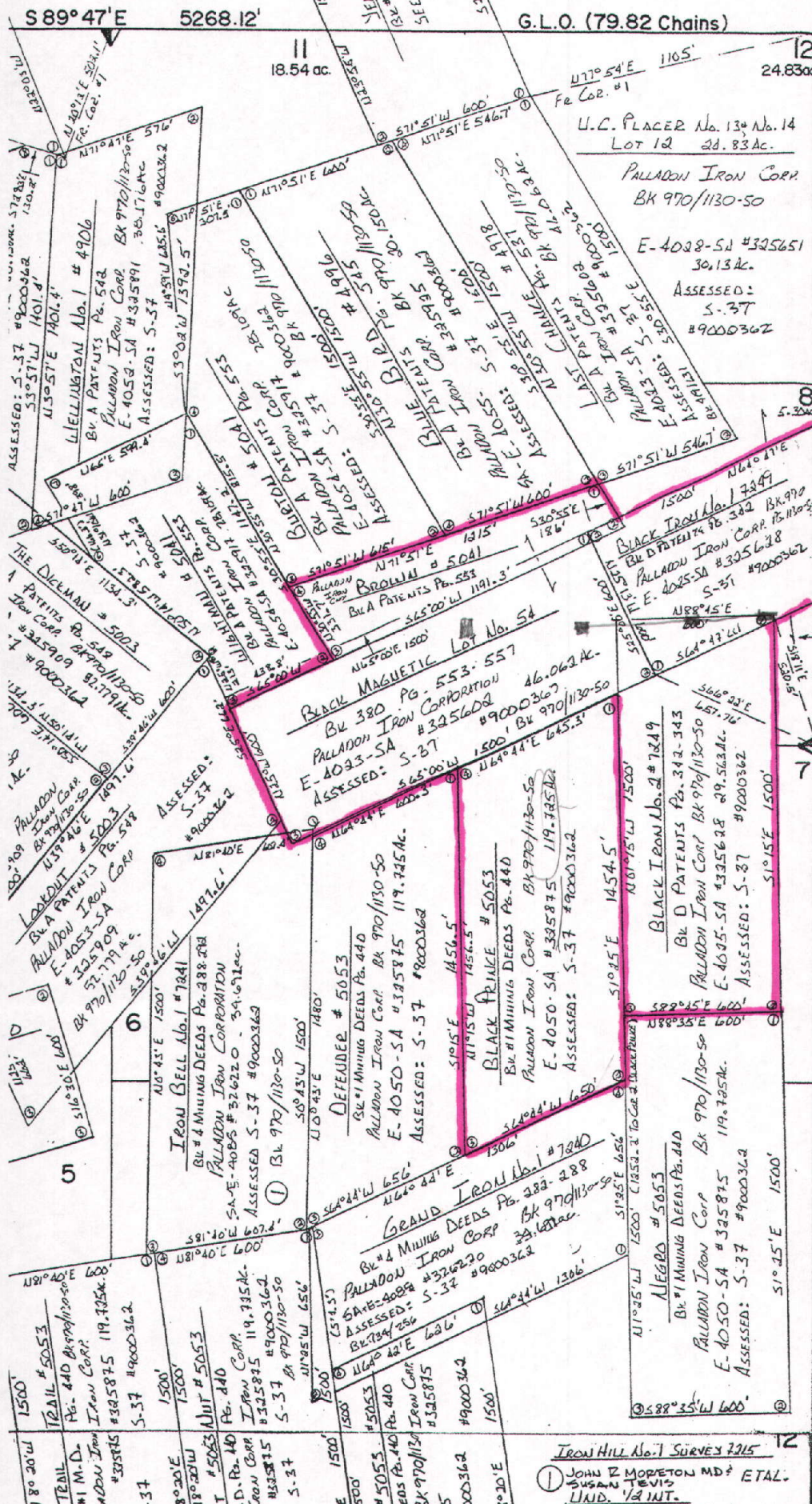
IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print): Lindsay Foot
Title of Operator: Project Manager
Signature of Operator: Lindsay Foot
Date: Jan 10 2006





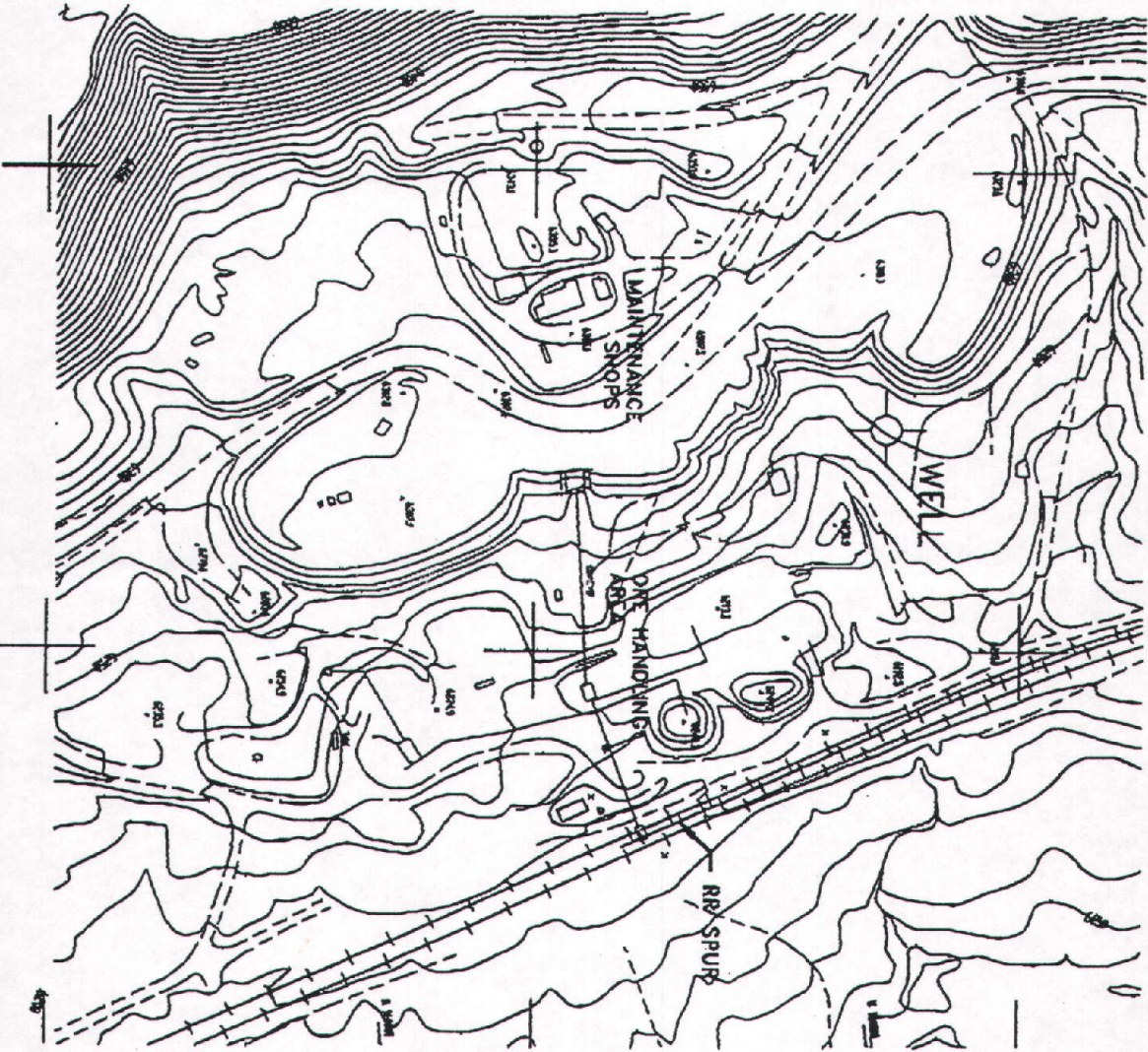


NOTE:
ANY PORTION OF THE BLACK IRON No. 1 7249 LIVING IN SEC. 29 WAS EXCLUDED. SEE BK D OF PATENTS Pg. 342, 343

WOOD LAND & LIVESOCK, LC LIND. 51320 MT. E-639-6 #373297 30.58 ac. ±

MINING INTEREST, INC. LIND. 51320 MT. E-639-8 #373313 30.58 ac. ±

M-Load Out



APPROX. ONE
MILE TO
UPRR LINE

Reclamation Break-Down				
Line	Occupation	Material	Shr. Cost	Coal
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				

DATE	TIME

REFERENCES

GENEVA STEEL	CHICAGO, ILL.
IRON MOUNTAIN	CHICAGO, ILL.
CEMENTOCK LEAD OIL A-40	CHICAGO, ILL.

FORM NO. 10-10-12

DATE	TIME

DATE	TIME

M-Load out